

Financial Results of Fiscal 2021 3Q （Supplementary Material）

January 14, 2021
create restaurants holdings inc.
【TSE1, Stock Code:3387】

Contents

Ⅰ. Financial Highlights

1. Financial Results Overview［IFRS］
2. Shifted to a More Robust Cost Structure
3. Scrap and Build
4. Financial Results Overview（By Category）

Ⅱ. Business Forecasts for Fiscal 2021

1. FY2021 Overview of Business Forecasts
2. FY2021 Overview of Business Forecasts (By Category)

Ⅲ. Appendix

1. Opening and Closing of Outlets
2. Same-store Sales Transition
3. Status of GoTo Campaign Initiatives
4. Financial Position

COPYRIGHT © create restaurants holdings inc. All Rights Reserved.

Ⅰ. Financial Highlights

COPYRIGHT © create restaurants holdings inc. All Rights Reserved.

1. Financial Results Overview[IFRS]

Revenue：56.7 billion yen, Operating profit：-9.2 billion yen, Profit attributable to owners of parent: -8.7 billion yen, Adjusted EBITDA: 3.6 billion yen
⇒ Returned to profitability in 3Q alone

✓ Revenue

- Revenue recovered steadily from mid-September owing to demand stimulation measures such as GoTo Campaigns, but the growth slowed somewhat from late November, partly due to requests to shorten operating hours reflecting the re-expansion (third wave) of COVID-19.
- Revenue significantly decreased from the previous fiscal year, falling short of the target (-14.8 billion yen vs. target).

✓ Operating profit/Adjusted EBITDA

- By lowering the break-even point, we build a system that can generate profits even with low sales revenue.
- Although revenue fell short of the target, we returned to profitability in 3Q alone due to thorough reductions in fixed costs, scrap and build, etc.
- In 3Q alone, we recorded employment adjustment subsidies of 1.06 billion yen, U.S. government subsidies of 570 million yen, and an impairment loss due to outlet closures of 740 million yen.

(Million Yen)	FY2020 3Q (Cumulative) Result *1	Ratio to revenue	FY2021 1Q (Mar.-May) Result *1	FY2021 2Q (Jun.-Aug.) Result *1	FY2021 3Q (Sep.-Nov.) Result	FY2021 3Q (Cumulative) Result	FY2021 3Q (Cumulative) Target *2	Vs. target Difference
Revenue	99,481		**11,812**	**20,219**	**24,700**	**56,732**	**71,599**	***-14,867***
Operating profit	4,786	4.8%	**-7,787**	**-1,973**	**529**	**-9,230**	**-8,114**	***-1,116***
Profit before taxes	4,573	4.6%	**-8,007**	**-2,190**	**381**	**-9,816**	**-8,743**	***-1,072***
Profit for the period	2,907	2.9%	**-7,979**	**-2,190**	**300**	**-9,869**	**-8,991**	***-877***
Profit attributable to owners of parent	2,465	2.5%	**-7,362**	**-1,802**	**385**	**-8,779**	**-7,885**	***-894***
Adjusted EBITDA *3	18,335	18.4%	**-3,320**	**2,313**	**4,701**	**3,694**	**4,407**	***-712***

*1：During the fourth quarter of the previous fiscal year and the third quarter of the current fiscal year, the Company finalized the provisional accounting treatment for business combinations, and the related consolidated operating results for the third quarter of the previous fiscal year reflect the provisional accounting treatment.
*2：Figures for FY2021 3Q(Cumulative) are internal targets.
*3：Adjusted EBITDA= Operating profit + Other operating expenses - Other operating revenues (excluding sponsorship income, employment adjustment subsidies, rent reductions and exemptions, etc.) + Depreciation and amortization + non-recurring expense items (advisory expenses related to share acquisition, etc.)

COPYRIGHT © create restaurants holdings inc. All Rights Reserved.

2. Shifted to a More Robust Cost Structure

Implemented cost reduction without exceptions and cost structure reforms ⇒ Returned to profitability in 3Q alone

	1Q			2Q			3Q		
	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.
Actual Same-store Sales (YoY)	57.4%	11.7%	14.1%	47.4%	55.0%	52.1%	**61.1%**	**72.6%**	**69.1%**
Conditions of Outlets	・Many outlets were temporary closed after the State of Emergency was declared in April			・Gradual reopening of outlets after the declaration was lifted ・Request for shortening operating hours due to the re-expansion (second wave) of COVID-19 from late July ⇒ Many outlets were shortening operating hours			・Business climate recovered from late September due in part to the effect of the GoTo campaign ・Shortened operating hours due to the re-expansion (third wave) of COVID-19 in late November		
Details of Initiatives	・Reviewed head office expense ・ Implemented a voluntary return of executive compensation ・ Curbed new investment (Freeze new outlets openings in principle) ・Scrap and build of outlets			・ Thorough cost control ⇒ Strengthened cost structure review mainly SG&A expenses for outlets ・ Continued to negotiate rent reductions and exemptions ・ Scrap and build of outlets ・ Established a shared services company ・ Integration of subsidiaries ・ Continued to implement a voluntary return of executive compensation			・Cost control according to revenue ⇒ Streamlined cost structure to generate profit even with low revenue ・ Continued to negotiate rent reductions and exemptions for each outlet ・ Scrap and build of outlets ・ Continued to implement a voluntary return of executive compensation ・ Reduction of employee salaries and bonus		
	Posted a large deficit			Compared to 1Q, the deficit significantly reduced.			**Achieved profitability**		

Shifted to a more robust cost structure by lowering the break-even point

COPYRIGHT © create restaurants holdings inc. All Rights Reserved.

3. Scrap and Build

■ Changes in opening and closing of outlets and brand change
・Closing unprofitable outlets (3Q total: Closed 88 outlet)
・Changed brands to improve cash flow (3Q total：12 outlets)
⇒We plan to actively implement the brand change in 4Q as well, depending on customer needs and business conditions.

	1Q	2Q	3Q	3Q total	4Q forecast	Full-year forecast
Opening	29	33	2	64	8	72
Closing	37	25	26	88	27	115
Brand change	5	3	4	12	16	28

■ Brand changes leveraging our ability to respond to changes ⇒ Utilizing a large space of the buffet format
・To attract more customers, the buffet brand was changed to a various type of brands that follows social distancing.
・Improved cash flow by reducing investment and FL costs.



PREMIUM BUFFET
THE CENTRAL BUFFET
PRECIOUS BUFFET

⇒ Changed to a cheese-centric format, which is popular among women



CHEESE RESTAURANT RICOTTA

⇒ Food hall consisting of five diverse booths



Mr.FARMER　完熟バナナジュース　CHEESE RESTAURANT RICOTTA　海南鶏飯食堂　MAGURO MARKET

Q's FOOD HALL

COPYRIGHT © create restaurants holdings inc. All Rights Reserved.

4. Financial Results Overview (By Category)

Overview by Category

【CR】
Profitability improved through the closing and brand changes of the underperforming general buffet business, as well as rent reductions through persistent negotiations and detailed personnel cost controls at each store.

【SFP】
Although category CF returned to profitability by strengthening take-out and delivery services and aggressively closing unprofitable outlets (3Q total: 22 outlets), the growth became stagnant due to repeated requests for shortening operating hours associated with re-expansion of COVID-19.

【Specialty Brand】
Daily-use format like a bakery, Soba noodle, and Tsukemen (dipping Ramen noodles) formats performed well, despite a slight slowdown in the current business climate due to the re-expansion (the third wave) of COVID-19 in November.

【Overseas】
Although sales in Asia were strong, sales in North America were sluggish due to tighter regulations caused by the re-expansion of COVID-19. Actively utilized government subsidies in each country.

Actual Same-store Sales

Category	1Q (Mar.-May)	2Q (Jun.-Aug.)	3Q (Sep.-Nov.)	(Current) Dec. (preliminary)
CR	22.9%	50.7%	67.6%	60.6%
SFP	28.3%	47.4%	65.0%	52.9%
Specialty Brand	35.9%	59.4%	73.9%	56.0%
Overseas	20.0%	32.3%	45.1%	21.5%
Consolidation	27.8%	51.6%	67.5%	53.0%

December : preliminary figures

(Million yen)

Category	FY2021 1Q			FY2021 2Q			FY2021 3Q			FY2021 3Q (Cumulative)		
	Revenue	Category CF	Ratio to revenue	Revenue	Category CF	Ratio to Revenue	Revenue	Category CF	Ratio to revenue	Revenue	Category CF	Ratio to revenue
CR	3,428	-2,279	-	7,537	40	*0.5%*	9,395	778	*8.3%*	20,361	-1,460	-
SFP	3,044	-1,406	-	4,789	-437	-	5,984	332	*5.6%*	13,818	-1,511	-
Specialty Brand	4,483	-1,590	-	7,021	474	*6.8%*	7,870	736	*9.4%*	19,374	-378	-
Overseas	952	-778	-	1,175	43	*3.7%*	1,808	543	*30.0%*	3,935	-191	-
Adjustments, etc.	-95	2,733	-	-305	2,192	-	-357	2,310	-	-758	7,236	-
Total	**11,812**	**-3,320**	-	**20,219**	**2,313**	*11.4%*	**24,700**	**4,701**	*19.0%*	**56,732**	**3,694**	*6.5%*

* Adjustments, etc. is mainly head office expenses not allocated to the respective Category and Adjustments, etc. related to the adoption of IFRS.

* Category CF = Operating profit (Japan GAAP) + Depreciation + Amortization of goodwill + Sponsorship income + Non-recurring expenses + Limited-time earnings items (employment adjustment subsidy, etc.)

COPYRIGHT © create restaurants holdings inc. All Rights Reserved.

Ⅱ. Business Forecasts for Fiscal 2021

COPYRIGHT © create restaurants holdings inc. All Rights Reserved.

1. FY2021 Overview of Business Forecasts

We revised business forecasts disclosed on July 14, 2020 to reflect recent changes in business conditions.
⇒Revenue：77 billion yen, Operating profit：-9.2 billion yen, Adjusted EBITDA： 6.8 billion yen

- **We expect a temporary slowdown in 4Q revenue due to the impact of the third wave of COVID-19 and the re-declaration of a State of Emergency in January.**
- **Same-store sales assumptions (YoY)：Assumed 53.0% in December (preliminary figures), 45.0% in January, 60.0% in February.**
- **Build a robust cost structure through continuous efforts to reduce fixed costs and proactive scrap and build.**

(Million yen)	FY2020 Result *1	FY2021 Previous forecast (Disclosed on July 14)	FY2021 Forecast	Vs. Previous forecast
Revenue	139,328	**106,000**	**77,000**	*-29,000*
Operating profit	3,378	**-6,200**	**-9,200**	*-3,000*
Profit before taxes	3,012	**-7,000**	**-9,800**	*-2,800*
Profit for the year	1,745	**-7,300**	**-9,900**	*-2,600*
Profit attributable to owners of parent	1,205	**-6,900**	**-8,400**	*-1,500*
Adjusted EBITDA *2	25,212	**11,000**	**6,860**	*-4,140*

Same-store Sales(YoY)	Dec (As of Dec. 31, 2020)	Jan (As of Jan. 31, 2021)	Feb (As of Feb. 28, 2021)
Before change	90.0%	90.0%	90.0%
After change	**53.0%**	**45.0%**	**60.0%**

*December : preliminary figures

(Million yen)	FY2021 1Q *1 Result	2Q *1 Result	3Q Result	4Q Forecast
Revenue	11,812	20,219	24,700	20,267
Operating profit	- 7,787	- 1,973	529	30
Profit before taxes	- 8,007	- 2,190	381	16
Profit for the period	- 7,979	- 2,190	300	- 30
Profit attributable to owners of parent	- 7,362	- 1,802	385	379
Adjusted EBITDA	- 3,320	2,313	4,701	3,165
Actual Same-store Sales	27.8%	51.6%	67.5%	52.5%

*1：During the fourth quarter of the previous fiscal year and the third quarter of the current fiscal year, the Company finalized the provisional accounting treatment for business combinations, and the related consolidated operating results for the third quarter of the previous fiscal year reflect the provisional accounting treatment.

*2：Adjusted EBITDA= Operating profit + Other operating expenses - Other operating revenues (excluding sponsorship income, employment adjustment subsidies, rent reductions and exemptions, etc.) + Depreciation and amortization + non-recurring expense items (advisory expenses related to share acquisition, etc.)

COPYRIGHT © create restaurants holdings inc. All Rights Reserved.

2. FY2021 Overview of Business Forecasts (By Category)

Category	FY2021 (Previous forecast：disclosed on July 14, 2020)			FY2021 (Forecast：disclosed on January 14, 2021)			Difference		
	Revenue	Category CF	Ratio to revenue	Revenue	Category CF	Ratio to revenue	Revenue	Category CF	Ratio to revenue
CR	38,000	-500	—	28,000	-1,360	—	- 10,000	-860	—
SFP	25,000	-800	—	18,500	-1,580	—	- 6,500	-780	—
Specialty Brand	33,000	100	*0.3%*	26,300	200	*0.8%*	- 6,700	+100	*+0.5%*
Overseas	11,000	100	*0.9%*	5,100	-420	—	- 5,900	-520	—
Adjustments, etc.	-1,000	12,100	—	-900	10,020	—	+100	-2,080	—
Total	106,000	11,000	*10.4%*	77,000	6,860	*8.9%*	-29,000	-4,140	*-1.5%*

* Category CF = Operating profit (Japan GAAP) + Depreciation + Amortization of goodwill + Sponsorship income + Non-recurring expenses + Limited-time earnings items (employment adjustment subsidy, etc.)
* Adjustments, etc. is mainly head office expenses not allocated to the respective Category and Adjustments, etc. related to the adoption of IFRS.

COPYRIGHT © create restaurants holdings inc. All Rights Reserved.

Ⅲ. Appendix

COPYRIGHT © create restaurants holdings inc. All Rights Reserved.

1. Opening and Closing of Outlets

➢ **Opened: 64 outlets, Closed: 88 outlets, Brand change: 12 outlets**
⇒ Group total at the end of November 2020: 1,127 outlets

- **Mainly open bulk operation food court/food hall**
  "BAYSIDE FOOD HALL" at Mitsui Outlet Park, Yokohama Bayside (6 booths)
  CIAL Yokohama "Bar & Kitchen Hamachika" (17 booths)
  Food Court “Keiyo Road Pasar” on Makuhari upbound line (6 booths)

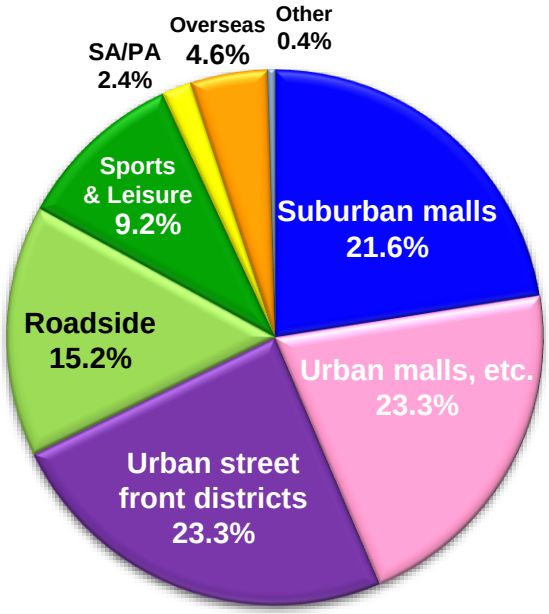
- **Actively closing unprofitable outlets**
  ⇒ Closed 88 outlets, mainly buffet format and Izakaya format
  ✓ In addition to the decision to close 96 outlets as of 2Q this fiscal year, the decision to close 34 unprofitable outlets has already been made.
  (Cancellations of closing due to decision to continue operations: 21 outlets)

【Opening/Closing in FY2021 3Q】

Category	Total no. at end of Feb. 2020	Increase/Decrease		Transfer, etc. (Adjustments) *1	Total no. at end of Nov. 2020	Brand Changes *2
		New	Close			
CR	569	40	48	+10	571	7
SFP	275	5	22		258	5
Speciality Brand	251	16	13	- 8	246	0
Overseas *3	54	3	5		52	0
Group Total *4	**1,149**	**64**	**88**	**+2**	**1,127**	**12**

*1: Number of outlets in the Group that changed or transferred its brand, and includes the total number of outlets whose business model was changed or transferred across fiscal years.
*2: Number of outlets in the Group including brand changes.
*3: The number of overseas outlets includes EW’s 2 franchise outlets in Jakarta and KR’s 8 franchise outlets in Thailand.
*4: Total number of outlets include all outsourced outlets and franchise outlets as of the end of November 2020

【Breakdown of number of outlets by location】
(as of the end of November 2020)



COPYRIGHT © create restaurants holdings inc. All Rights Reserved.

2. Same-store Sales Transition

【Consolidated】

	Mar.	Apr.	May	1Q Total	Jun.	Jul.	Aug.	2Q Total	Sep.	Oct.	Nov.	3Q Total	Dec.	Jan.	Feb.	Full-year
FY2021	**60.6%**	**33.1%**	**36.3%**	**52.7%**	**51.1%**	**56.6%**	**54.6%**	**53.8%**	**63.3%**	**74.5%**	**70.8%**	**60.2%**	-	-	-	-
***Actual Same-sotre Sales**	**57.4%**	**11.7%**	**14.1%**	**27.8%**	**47.4%**	**55.0%**	**52.1%**	**39.4%**	**61.1%**	**72.6%**	**69.1%**	**48.4%**	-	-	-	-
FY2020	99.6%	98.3%	101.3%	99.8%	101.3%	100.1%	101.3%	100.2%	100.3%	93.5%	99.9%	99.3%	97.6%	101.0%	95.4%	99.2%

【By category】

		Mar.	Apr.	May	1Q Total	Jun.	Jul.	Aug.	2Q Total	Sep.	Oct.	Nov.	3Q Tota	Dec.	Jan.	Feb.	Full-year
CR	**FY2021**	54.7%	40.1%	40.7%	51.6%	46.8%	53.2%	54.9%	52.0%	61.3%	73.8%	70.7%	58.8%	-	-	-	-
	***Actual Same-sotre Sales**	45.9%	11.7%	8.9%	22.9%	44.7%	52.7%	53.8%	36.9%	60.3%	72.9%	69.9%	46.7%	-	-	-	-
	FY2020	100.9%	99.8%	103.6%	101.4%	107.4%	101.4%	103.5%	102.7%	100.3%	94.0%	100.2%	101.1%	96.3%	100.4%	90.7%	99.9%
SFP	**FY2021**	62.1%	58.9%	58.5%	62.2%	48.5%	59.4%	50.4%	55.5%	64.0%	76.0%	70.8%	61.6%	-	-	-	-
	***Actual Same-sotre Sales**	62.1%	5.2%	16.1%	28.3%	43.8%	54.1%	43.9%	37.8%	57.2%	69.3%	65.6%	47.2%	-	-	-	-
	FY2020	98.6%	96.6%	98.3%	97.9%	97.1%	100.2%	102.3%	98.9%	99.7%	92.6%	101.0%	98.5%	99.1%	103.7%	96.6%	99.0%
Specialty Brand	**FY2021**	64.7%	29.7%	33.0%	48.4%	58.8%	62.7%	58.9%	55.3%	66.9%	78.9%	76.4%	62.3%	-	-	-	-
	***Actual Same-sotre Sales**	63.2%	19.9%	22.1%	35.9%	57.3%	62.2%	58.6%	47.3%	66.7%	78.8%	76.3%	55.9%	-	-	-	-
	FY2020	99.1%	98.4%	102.3%	100.0%	98.1%	96.0%	97.7%	98.6%	101.1%	93.1%	99.3%	98.2%	96.5%	100.0%	99.8%	98.4%
Overseas	**FY2021**	63.7%	48.0%	75.0%	63.6%	45.1%	40.4%	46.2%	46.4%	58.2%	58.4%	50.5%	51.8%	-	-	-	-
	***Actual Same-sotre Sales**	46.1%	3.7%	4.1%	20.0%	27.1%	33.1%	36.2%	25.7%	45.4%	47.3%	41.9%	32.1%	-	-	-	-
	FY2020	100.6%	97.6%	94.0%	97.0%	99.8%	94.4%	94.6%	95.4%	99.0%	95.6%	97.5%	96.9%	100.3%	99.6%	95.1%	99.2%

Definition of Same-store Sales

- **Same-store Sales:** Existing outlets are defined as outlets that were opened two years ago or earlier and outlets that were closed for two days or more are excluded from the calculation.

* We temporarily disclose "Actual same-store sales" due to a large number of outlets suspending operations due to the impact of COVID-19.

- **Actual Same-store Sales:** Calculated based on figures for outlets opened two years ago or earlier, and include outlets that were closed during the period.

COPYRIGHT © create restaurants holdings inc. All Rights Reserved.

3. Status of GoTo Campaign Initiatives

➢ Active participation in the “GoTo” campaigns

・Due to the impact of the third wave of COVID-19, both GoTo Travel and GoTo Eat campaigns have been temporarily suspended (except for some areas).
・In anticipation of the resumption of the campaign, we will continue to actively participate in the campaign across the entire group, while thoroughly preventing infection at each store.

Participate the GoTo Travel campaign

（Budget size: approx. 1 trillion yen. 1.0311 trillion yen will be additionally allocated in the third supplementary budget.）

■ Offering the regional discount vouchers from October 1, 2020. (discount 15% of the total trip cost *only available during the trip period)
⇒Our group gradually participated in this program at its outlets mainly in tourist locations. (Kyoto, Odaiba, Kamakura, Maihama, etc.)
⇒Number of our outlets participating this campaign: Approx. **360 outlets**

■ **Usage: Especially, our customers tends to use the voucher in Ikspiari.**

Participate the GoTo Eat campaign

（Budget size: approx. 76 billion yen for premium meal vouchers and approx. 76 billion yen for online reservation rewards. 51.5 billion yen will be additionally allocated in the third supplementary budget. ）

■ Registration started in October 2020

(1) Meal voucher adding 25% of total purchase amount
⇒ Number of outlets available premium meal vouchers: **Approx. 850 outlets** (approx. 90% of the Group's total outlets are scheduled to participate)

(2) Online reservation sites: While point award have ended, we encourage point usage.
⇒Number of outlets planning to participate in the online reservation system: **Approx. 550 outlets** (approx. 60% of the Group's total outlets are scheduled to participate)

*Available in various reservation services (Gurunavi, Hot Pepper, Yahoo, Ikkyu, OZ Mall), etc., depending on each format

■ **Effect on revenue: Contribution from premium meal vouchers ⇒ Revenue boosted by nearly 3%.**
Contribution from online reservations ⇒ Revenue boosted by nearly 6-10%.

In addition to the growth in revenue, we also expect an increase in repeat customers by utilizing these data.

COPYRIGHT © create restaurants holdings inc. All Rights Reserved.

4. Financial Position

Major indicator	End of Feb. 2020 (after the adoption of IFRS No.16) *1	End of Nov. 2020 (after the adoption of IFRS No.16)	Difference	Remarks
Total assets (million yen)	150,317	163,446	+13,129	
Total liabilities (million yen)	126,201	149,546	+23,345	
Total capital (million yen)	24,115	13,899	-10,216	
Ratio of equity attributable to owners of the parent to total assets (Shareholders' equity ratio)	10.8%	4.3%	—	(Reference) Excl. Impact of IFRS No.16: 7.8%
Net D/E Ratio	5.16 times	12.94 times	—	(Reference) Excl. Impact of IFRS No.16: 4.99 times
Net interest-bearing debt-to-operating CF ratio	3.36 times	—	—	

*1：During the fourth quarter of the previous fiscal year and the third quarter of the current fiscal year, the Company finalized the provisional accounting treatment for business combinations, and the related consolidated operating results for the third quarter of the previous fiscal year reflect the provisional accounting treatment.

COPYRIGHT © create restaurants holdings inc. All Rights Reserved.

Disclaimer

The purpose of this material is to provide information regarding the financial results of the fiscal 2021 3Q and is not intended to solicit investment in securities issued by the Company.

Furthermore, although the contents in this material is prescribed based on reasonable assumptions of the Company at the time of publication, it does not warrant or guarantee the information's accuracy or completeness and is subject to change without prior announcement.

<<For inquiries regarding IR>>
Corporate Planning Division IR Team
8022@createrestaurants.com

COPYRIGHT © create restaurants holdings inc. All Rights Reserved.